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S E C R E T MADRID 003519

SIPDIS

DEPARTMENT FOR ISN/MTR (VAN DIEPEN AND DURHAM) AND EUR/WE

E.O. 12958: DECL: 10/04/2015

TAGS: [PARM](#) [PREL](#) [PGOV](#) [ETTC](#) [SP](#) [MTCR](#)

SUBJECT: SPAIN: MFA REQUEST FOR U.S. HELP TO STOP SALE OF EXPLOSIVES PLANT TO LIBYA

REF: FORDER-DURHAM EMAILS

Classified By: ESTHOFF KEN FORDER PER 1.4 (B/D)

11. (U) This is an Action Request for ISN/MTR -- see paragraph 8.

12. (S) MFA Disarmament Affairs Ambassador Tomas Rodriguez-Pantoja summoned ESTHOFF September 30 to MFA. Rodriguez-Pantoja said that during the U.S.-Spain bilat on the first day of the September 12-16 Madrid MTCR plenary, and in a subsequent side bar meeting during a plenary Information Exchange session, Spain had raised with the ISN/MTR Office Director Van Diepen the request by the Spanish firm "Espinesa" to sell a Nitrate-based explosives manufacturing plant to Libya (allegedly for mining-related conventional explosives production).

13. (S) Rodriguez-Pantoja explained that the Spanish firm first wanted to sell the explosives plant in 2000. Spain checked with the U.S., which in May and September of 2001 advised Spain to block the sale, arguing that the plant could easily be converted into a missile fuel production facility for Libya's SCUD missiles. Spain eventually turned off the sale, prohibiting it for a period of three years. Rodriguez-Pantoja said the company had sued the GOS after it blocked the sale in 2001, and that this suit remained pending in the Spanish courts. All the while, the entire plant has been sitting in a Valencia warehouse waiting to be sold.

14. (S) Rodriguez-Pantoja noted that the GOS three year sale moratorium had now expired and that in the meantime, Libya had started to return to the "normal" community of nations (leaving "roque" status behind). "Espinesa" recently asked the GOS for permission to make the same sale to Libya, arguing that the three year ban had expired and Libya was now a friendly and cooperative country. Rodriguez-Pantoja said the Libyan Government had leaned very heavily on the Spanish Embassy in Tripoli, requesting repeatedly that Spain let the sale go through.

15. (S) MFA, according to Rodriguez-Pantoja, does not/not think the sale should go through. Neither does the CNA (the Spanish CIA equivalent). Both argue that while the current Libyan Government may have changed its spots, a coup could happen any day and a less friendly/responsible Libyan regime could emerge. Rodriguez-Pantoja stressed that Libya retains 400 medium range SCUDs with the ability to strike Israel and that this explosives plant could easily be converted from producing mining explosives into producing SCUD missile fuel. Thus, MFA and CNA want to extend the sales ban to 2008 (three more years). However, the Libyan lobbying of the Spanish Embassy, as well as pressure from the company, has led the GOS to reopen the issue.

16. (S) The reason for summoning ESTHOFF to MFA, Rodriguez-Pantoja explained, was to request U.S. support for MFA/CNA efforts to continue to block the sale. Rodriguez-Pantoja said that if the U.S. were to officially inform Madrid that it opposed the sale, this would strengthen MFA's case to extend the sales ban through 2008. In brief, MFA and CNA want the USG as bureaucratic allies in their battle to gain GOS approval to prohibit the sale for three more years.

17. (S) Rodriguez-Pantoja said that ISN/MTR Office Director Van Diepen had indicated to him at the plenary that the U.S. would likely oppose the sale, but would have to confirm this after Van Diepen's return to Washington. Rodriguez-Pantoja said he was now, via this meeting, requesting an official communication of USG views on the sale. Either in writing or delivered orally through ESTHOFF would be acceptable. Rodriguez-Pantoja said the communication could also go through CIA-CNA channels if the U.S. preferred. He said he would like to have this communication by Friday October 14, if possible. He suggested that internal GOS decision meetings regarding the sale would take place shortly after that date. ESTHOFF told Rodriguez-Pantoja that he was optimistic that the Embassy would be able to pass USG views on the sale prior to October 14.

18. (U) ACTION REQUEST - please pass USG views on this possible sale to Embassy Madrid ESTHOFF Ken Forder prior to

MFA's October 14 deadline.
AGUIRRE